

The Federal Flyer

Texas Transportation Goals for 108th Congress

In 2003, the Texas Department of Transportation (TxDOT) will focus on reauthorization of the nation's aviation, highways, transit, highway safety, and passenger rail programs. TxDOT will continue our efforts to ensure that Texans get their money's worth out of every federal fuel tax dollar sent to Washington. Reauthorization of these key transportation programs during 2003 provides unusual opportunities to enhance our share of federal transportation funding, accelerate project delivery, and give state and local governments better discretion to identify and respond to transportation challenges.

TxDOT will work with our partners within Texas and in other states in support of our goals. We encourage your participation in our effort to promote these Texas Transportation Priorities for the First Session of the 108th Congress:

Texas Transportation Priorities First Session of the 108th Congress

Maximize the Return of Funding to Texas	Expand Discretion in Existing Surface Transportation Programs
Protect and Strengthen Transportation Funding Guarantees	Support More Efficient Environmental Processes
Seek Opportunities for Increased Funding	Continue to Expand Innovative Financing Techniques
Support the Trans Texas Corridor	Support a Stable Federal Airport Improvement Program
Support International Trade Transportation	Enhance the Capacity of Passenger & Freight Rail
Coordinate Congressional Project Designations	Expand Transportation Research & Technology Transfer

End of Congress Wrap-Up

In this issue of the *Federal Flyer* we provide an overview of the key transportation issues that we have covered since the beginning of the 107th Congress. The 107th Congress has ended its legislative business and we take a look at what has been accomplished in the past two years.

We have enjoyed bringing you the *Federal Flyer* and we hope that you have found the information in this newsletter useful in your work. As we prepare for the 108th Congress, we look forward to bringing you the latest news and analysis of key federal transportation issues affecting Texas.

2001 — 107th Congress, First Session



Hutchison Gains Transportation Appropriations Seat

Texas Senator Kay Bailey Hutchison was appointed in February to the Transportation Subcommittee of the Senate Committee on Appropriations, where she will be able to direct much needed federal funds to Texas transportation projects.



Mineta Confirmed as Secretary of Transportation

By a vote of 100-0, the United States Senate on January 24, 2001 confirmed the appointment of Norman Y. Mineta as the 14th U.S. Secretary of Transportation. He was sworn in the next day.

Mineta, a Democrat, had until recently served as the Secretary of Commerce in the Clinton Administration, making him the first Asian Pacific American to serve in the cabinet.

Mineta represented San Jose, California for twenty years in the U.S. House of Representatives. He served as chairman of the House Public Works and Transportation Committee between 1992 and 1994 and was a key author of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).



Young Announces Committee Restructuring

Taking the reins of the House Transportation and Infrastructure Committee, new Chairman Don Young in February

announced a restructuring of the subcommittees, splitting some subcommittees to form new ones and redirecting subcommittee jurisdiction for others.

Among the changes is the return of the Railroads Subcommittee, which had been under the previous Surface Transportation Subcommittee. Moving the jurisdiction of rail issues to its own subcommittee resulted in the new Highways & Transit Subcommittee.

Bush Taps Rutter as Federal Railroad Administrator



President George W. Bush in April nominated Allan Rutter, a senior Texas state transportation official, to head the Federal Railroad Administration (FRA). Rutter served as the transportation policy director under Bush in the Texas governor's office. Rutter also was deputy executive director of the Texas High-Speed Rail Authority from 1990 to 1995.

The FRA is responsible for freight and passenger rail safety. As FRA Administrator, Rutter will also oversee Amtrak, the national intercity passenger rail service, and the FRA's High Speed Rail Corridor program.

President Bush Unveils FY 2002 Budget

On April 9, 2001, the Bush Administration released the full details of its budget proposals for FY 2002.

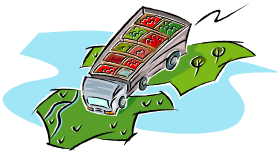
The budget would fund the U.S. Department of Transportation at about \$59.17 billion. The budget contained increases for the high-profile highway and aviation sectors and for the Coast Guard.

The Administration proposed to use \$56 million in Revenue Aligned Budget Authority (RABA) for the construction of State and Federal motor carrier safety inspection facilities at the U.S./Mexico border. The budget also looked to RABA to fund \$125 million for the president's New Freedom Initiative to help the disabled.



Gas Tax Repeal Act Filed

In May, Representative James Sensenbrenner (R - WI) introduced his Freedom from Unfair Energy Levy (FUEL) Act (H.R. 1575), which would put a six month moratorium on all federal motor fuels taxes and would permanently repeal the 4.3 cents per gallon tax, which, until 1998, was used for deficit-reduction purposes. (The 4.3 cents now goes into the Highway Trust Fund for highway and transit uses.) In introducing his bill, Sensenbrenner stated that "In reality, the economic damage caused by high fuel prices far outweighs any impact on federal spending that a six-month moratorium would cause." The real reality is that a six-month moratorium would cost the Highway Trust Fund about \$15 billion, and Texas' share of that is about \$1 billion.



House Subcommittee Visits CA & TX

Four members and the staff of the House Highways and Transit Subcommittee traveled to Otay Mesa, California, and Laredo, Texas in mid-May to see for themselves the status of motor carrier safety inspection facilities and operations along the U.S./Mexico border.

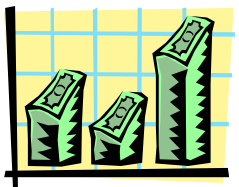
In Laredo, where more than 40% of the U.S. - Mexico truck traffic crosses two bridges, the motor carrier safety inspection operations are much less effective than those at Otay Mesa, due to limited space for inspection activities. For this reason, the State of Texas has developed plans to construct inspection facilities adjacent to the bridges. However, the City of Laredo contends that construction of these facilities near the bridges will "create a truck stop" and harm the reliable flow of revenues from the bridges into the city coffers.



House Committee Adopts FY 2002 Transportation Bill

In June, the House Committee on Appropriations approved the FY 2002 appropriations bill for the U.S. Department of Transportation and Related Agencies. The measure provided \$59.0516 billion for the nation's transportation programs.

The bill honored both TEA 21 and AIR 21 in funding for federal highways, transit, highway safety, and aviation programs. The most important new provision for Texas and other Southwest border states was the committee's approval of President Bush's proposal to target \$56 million in RABA funds for the construction of motor carrier safety inspection facilities along the U.S./Mexico border. In addition, the committee rejected an amendment to require that Mexican motor carriers receive truck inspections before they are allowed access to the United States beyond the current commercial zones along the border.



Senate Appropriators Pass FY 2002 Spending Bill

The Senate Committee on Appropriations in July approved the \$60.063 billion measure funding the U.S. DOT and Related Agencies for FY 2002. The bill exceeded TEA 21 funding levels and provided \$145 million for President Bush's New Freedom Initiative for the disabled and some \$88 million in investments in new motor carrier safety inspection facilities along the U.S.-Mexico border.

In providing additional funds, the committee took the opportunity to earmark nearly all available funds in the federal highway discretionary programs. In each case, appropriations for key discretionary programs would far exceed the spending level authorized in TEA 21.

The Senate committee's bill also included a lengthy list of enhanced truck safety requirements that are intended to ensure that new cross-border trucking activity does not pose a safety risk.

Texan Testifies on Need for Funding Border Safety Inspection Facilities



On July 18 Texas Secretary of State Henry Cuellar told the House Subcommittee on Highways & Transit that Texas has a plan for constructing needed motor carrier safety inspection stations along the U.S.-Mexico border but needs federal funding to make it a reality. Cuellar testified during the subcommittee's hearing on the border's readiness to inspect Mexican motor carriers for compliance with U.S. safety standards.

Cuellar emphasized that more than 70 percent of the U.S.-Mexico truck trade traffic travels across Texas highways. When challenged on Texas not following California's lead in spending state funds to build state-of-the-art facilities, Cuellar responded that the scale of the challenge in Texas far exceeds that in California. Texas has 15 truck crossings; in California, only two handle significant numbers of trucks.

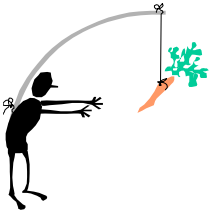


Senate Debates Mexican Truck Safety Provisions

Texas Senator Phil Gramm and Arizona Senator John McCain worked diligently in late July to come to a compromise with Senate Transportation Appropriations Subcommittee Chairwoman Patty Murray on Mexican motor carrier safety requirements in the FY 2002 transportation appropriations bill.

Gramm, McCain, and their supporters argued that certain provisions of the bill violated the North American Free Trade Agreement (NAFTA). In response, Murray and others who support the bill language argued that the NAFTA arbitration panel stated that the U.S. could implement whatever provisions necessary to ensure the safety of the American public.

President Bush vowed to veto the measure if it included the Murray inspection provisions that he said were in violation of NAFTA.



House Passes Tax Cut-Based Economic Stimulus Package

By a close 216-214 vote, the U.S. House of Representatives in late October passed H.R. 3090, a \$100 billion economic stimulus package. The measure provided no additional transportation infrastructure investments; instead, the bill focused solely on a variety of tax cut measures. A Democratic amendment that would have provided \$27 billion for infrastructure security improvements was overwhelmingly defeated on the House floor.

The Democratic-led Senate was expected to reduce the overall bill to \$75 billion and add some spending provisions. Senate Appropriations Committee Chairman Robert Byrd proposed a \$20 billion package that consisted of spending for homeland security needs and transportation infrastructure.

TxDOT joined 12 other states in a letter to Senate and House leaders to encourage Congress to avoid earmarking any highway funds that might be included in a stimulus package.



Committees Introduce Rail Legislation

House Transportation & Infrastructure Committee Chairman Don Young introduced a bill that would authorize \$71 billion to help states and railroad companies build high-speed rail lines that could ease highway and aviation congestion. The measure, known as RIDE 21, would provide \$36 billion in bonds to states over 10 years and \$35 billion in loans to railroads, with \$7 billion set aside for short line railroads. It would also provide \$35 million a year through 2009 for high-speed corridor planning and technical development. The bill would allow states to choose high-speed rail routes and then apply for federal funding by themselves or in concert with other states. Projects that eliminate highway rail crossings, provide links to other forms of transportation, or receive state matching funds would have priority.

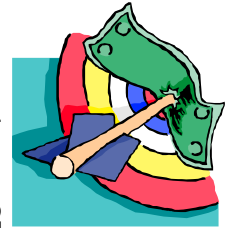
In the Senate, Commerce, Science, and Transportation Committee Chairman Ernest Hollings introduced S. 1530, named RAIL 21, to promote rail safety and infrastructure development. The bill borrowed some elements from a Republican House proposal but also addressed important Democratic needs, especially the future of Amtrak. RAIL 21 would extend Amtrak's overall funding authorization through FY 2003 at \$1.2 billion. The bill also contained a \$35 billion loan guarantee program for railroad rehabilitation and finance and reauthorized the Swift Rail Act. Similar provisions were found in the House rail bill as well.

Congress Finally Passes FY 2002 Transportation Spending Bill

By a vote of 371 to 11, the U.S. House on November 30 approved the conference report on H.R. 2299, the FY 2002 transportation appropriations measure. The Senate voted 97-2 in favor of the measure on December 4.

The conference report included some \$1.383 billion in earmarks for projects in the various federal highway discretionary program, an amount at least double the authorized funding levels for the programs. The conferees redirected some \$450 million in RABA to targeted programs instead of distributing the funds among the states, as required by law. In addition, the report redirected the portion of RABA funds that normally would have been added to some FHWA allocated programs.

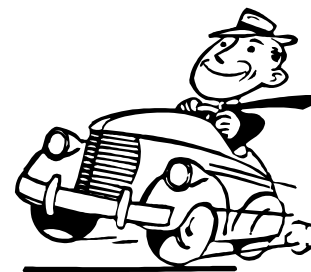
Members of the authorizing committees spoke out in protest of this action in early December. They expressed discontent over appropriators funding their pet projects with states' RABA funds and pledged to fix the problem in the next budget cycle or the next reauthorization.



DeLay, Edwards Restore Federal Funding for Texas SIB

On December 20 the U.S. House of Representatives approved the conference report for the FY 2002 Department of Defense appropriations bill. The DOD spending bill included a provision that would once again grant Texas the ability to use federal highway funds in the State Infrastructure Bank (SIB).

House Majority Whip Tom DeLay introduced language to add Texas to the list of states with authority to use TEA 21 funds in their SIBs. Representative Chet Edwards played a key role in convincing Democrats on the House Appropriations Committee to lift their objections to the language, allowing final passage of the overall spending measure.



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FY 2003 Budget Proposes Highway Funding Cut

On February 4, President Bush released the details of his budget proposal for Fiscal Year 2003. The budget would fund the USDOT at about \$59.3 billion, compared to \$63.6 billion enacted in FY 2002. The significant reason for the drop was reflected in the first-ever calculations of negative RABA, which would reduce highway funding some \$8.6 billion below the FY 2002 spending level. Many observers in Congress and in the transportation community questioned the Treasury Department's estimates of lower national gas tax revenues, which were the basis for the RABA calculations.

The budget otherwise honored TEA 21 and AIR 21 and provided increased funding for transit, highway safety, and aviation programs.



Amtrak Faces Uncertain Future

Amtrak announced February 1 that it would cut \$185 million in expenses and lay off 1,000 workers in order to keep operating in Fiscal Year 2002. At the same time, the passenger rail company warned that, without a \$1.2 billion cash infusion, it would suspend its unprofitable long-distance train service in October.

The House Committee on Transportation & Infrastructure announced Amtrak oversight hearings for 2002, beginning on February 14.



Bills Filed to Restore TEA 21 Highway Funding

House and Senate transportation authorizers introduced two companion bills (H.R. 3694 and S. 1917) on February 7 designed to ease by about half the \$8.6 billion shortfall in highway transportation funding projected for FY 2003. The proposal met resistance from some appropriators, who argued that Congress forced its own hand by developing a complex highway financing adjustment formula under TEA 21.

The legislation would amend TEA 21 to read "the obligations for federal-aid highway and highway safety construction programs shall not be less than" \$27.7 billion for FY 2003. This represented the TEA 21 obligation level authorized for FY 2003 without subtracting the \$4.36 billion called for under RABA provisions. To make up some of the shortfall, the bills would take \$4.26 billion from the balance in the Highway Trust Fund.

AASHTO Board Sets Reauthorization Goals



At the meeting of the American Association of State Highway and Transportation Officials (AASHTO) Board of Directors in April, the Board set a reauthorization goal of increasing the federal-aid highway program from \$34 billion in FY 2004 to \$41 billion in FY 2009. The goal for transit was to increase funding from \$7.5 billion to \$10 billion over six years.

AASHTO's priority objectives also included maintaining funding guarantees and firewalls and adjusting the RABA mechanism to make it less susceptible to economic swings; retaining the basic program structure; increasing flexibility to meet priority needs for security, safety, congestion relief, freight, preservation, and capacity; and improving environmental stewardship and streamlining.

Reauthorization Hearings Continue

The House Transportation and Infrastructure Committee and the Senate Environment and Public Works Committee began a series of hearings on the reauthorization of TEA 21. The hearings have covered the following issues: lessons learned and benefits gained from TEA 21; state, federal, and local perspectives on reauthorization; Highway Trust Fund forecasts, firewall principles, and RABA; streamlining the project review process; guaranteed funding for mass transit; and congestion relief through system management, intermodalism, and added capacity.

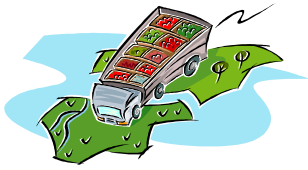


Future hearings will focus on operations and security in metropolitan areas; transportation planning and smart growth; innovative finance; transportation and air quality; the state of the infrastructure; freight and intermodal facilities; and rural transportation.



Groups Draft Streamlining Proposal

A coalition of environmental groups drafted a proposal outlining changes they said will expedite transportation project delivery without sacrificing environmental protection. The group asserted that legislative changes, such as those requested by the transportation industry to strengthen the environmental streamlining provisions of TEA 21, were not necessary. Instead, the proposal claimed that state and federal agencies can do a better job of administering current laws by focusing on "sensible planning, early stakeholder involvement, and simply taking advantage of existing programs."



Texas Receives \$40.8 million for Border Safety Inspection Facilities

US Secretary of Transportation
Norman Mineta called Texas Gov-

ernor Rick Perry on May 4 to announce that he had awarded \$40.8 million in Coordinated Border Infrastructure Program discretionary highway funds to Texas. The award will assist with the design, right of way acquisition, and construction of eight new commercial motor carrier safety inspection facilities Texas is developing along the U.S. border with Mexico.

These funds, combined with approximately \$23 million in previously-committed state and federal funds, will help offset the estimated \$106 million cost to design and construct modern, state-of-the-art safety inspection facilities at the eight busiest truck crossings in Texas: Free Trade Bridge at Los Indios, Veterans International Bridge at Los Tomates (Brownsville), Pharr-Reynosa International Bridge, Colombia Solidarity International Bridge (Laredo), World Trade International Bridge (Laredo), Camino Real International Bridge (Eagle Pass), Zaragoza-Ysleta International Bridge (El Paso), and Bridge of the Americas International Bridge (El Paso).



Senate Appropriators Restore Highway Funding to FY 2002 Levels

Taking a bold step in support of the nation's transportation system, the Senate Appropriations Subcommittee on Transportation on July 24 approved a draft FY 2003 spending bill providing

\$64.6 billion for the USDOT. By far the biggest part of the bill was the \$31.8 billion limitation on federal-aid highway obligations for FY 2003 — the same amount as enacted last year and \$4.1 billion above the TEA 21 baseline, and \$8.6 billion more than the Bush Administration budget proposal.

Prior to the subcommittee's action, the House and Senate endorsed the conference report for the FY 2002 Supplemental Appropriations Act, which contained language that would ensure that FY 2003 highway funding would be no less than \$27.7 billion, the amount authorized in TEA 21.

If the highway program is not funded at the Senate subcommittee's proposed level, Texas faces the potential loss of some \$600 million for planned projects in FY 2003.

Commission Adopts Trans Texas Corridor Action Plan

In early 2002, Texas Governor Rick Perry launched a new concept in transportation for Texas — the Trans Texas Corridor. In July, that concept moved closer to reality when the Texas Transportation Commission approved the Trans Texas Corridor action plan.

The 95-page report outlined the basic design of a statewide 4,000-mile multi-use transportation system. The corridor — up to 1,200 feet wide — will include separate lanes for passenger vehicles and trucks, six rail lines (three in each direction for high-speed passenger rail as well as commuter and freight rail), and a dedicated utility zone for water lines, petroleum pipelines, electricity, and data.

The report identified four routes as priority corridor segments. These routes are from Denison to the Rio Grande Valley paralleling I-35, I-37, and the proposed I-69; from Texarkana to Houston to Laredo paralleling the proposed I-69; from Dallas-Fort Worth to Houston paralleling I-45; and from El Paso to Orange paralleling I-10.



President Issues Order on Environmental Stewardship & Project Reviews

On September 18 the White House issued an Executive Order (EO) on Environmental Stewardship and Transportation Infrastructure Project Reviews.

The EO called for a Cabinet-level task force reporting to the President through the Council on Environmental Quality "to ensure that environmentally sound projects are not held up unnecessarily by inefficient review procedures." Further, the Secretary of Transportation was directed to "advance environmental stewardship through cooperative actions with project sponsors to promote protection and enhancement of the natural and human environment in the planning, development, operation, and maintenance of transportation facilities and services." Finally, the EO directed the Secretary to develop a list of high-priority transportation infrastructure projects that should receive expedited agency reviews, consistent with available resources and applicable laws, including those relating to safety, public health, and environmental protection.



House Committee Bill Holds Highway Fund Down

On October 1, the House Appropriations Committee wrapped up its work on its version of the FY 2003 transportation spending bill. The House committee bill would provide only \$27.7 billion in obligation authority for the federal-aid highway program in FY 2003. This amount is equal to the authorized level set in TEA 21 and would represent a \$4.4 billion increase above President Bush's \$23.3 billion budget request.



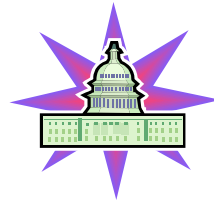
AASHTO Releases Bottom Line Report

The American Association of State Highway and Transportation Officials (AASHTO) in October released the report entitled "Transportation: Invest in America - The Bottom Line." The report describes the investment needed to improve the physical condition and performance of the nation's highways, bridges, and mass transit systems. The highway and bridge needs exceed \$125 billion per year over the next 20 years. Average annual funding needed over the next 20 years to improve our transit systems was estimated at more than \$43 billion.



Young Introduces ExPDITE Bill on Project Delivery

On September 25, U.S. House Transportation and Infrastructure Committee Chairman Don Young introduced H.R. 5455, "Expediting Project Delivery to Improve Transportation and the Environment Act (ExPDITE Act)." The primary purpose of the legislation was to expedite the project delivery process without amending environmental statutes or decreasing public involvement. The goal was to reduce delays in the planning and approval of federally funded highway and transit improvement projects by streamlining the current environmental review process.



Congress Adjourns; Government Programs Funded By Continuing Resolution

The 107th Congress adjourned in late November without enacting 11 of the 13 annual appropriations bills for FY 2003, which began on October 1. Instead, Congress adopted its 5th Continuing Resolution of the year, providing funding at FY 2002 levels through January 11th for all federally-funded programs (including USDOT programs) except those falling under the Department of Defense. One of the first tasks of the new 108th Congress when it convenes on January 4 will be to tackle final spending for FY 2003, before the Congress can begin the FY 2004 budget process.



Happy Thanksgiving!



The **Federal Flyer** is a publication of the TxDOT Legislative Affairs Office. It is intended to provide up-to-date information on major legislative activities in the 107th Congress for the management of the Texas Department of Transportation, state leaders, and others interested in Texas transportation issues. This report will also feature key activities in the national transportation community. Sources include news services and staff reports.

Coby Chase, Director of Legislative Affairs, serves as publisher and can be reached at (512) 463-6086. The department's federal legislative analysts are Joe Guzzo (202-638-3927), Tonia Norman Ramirez (512-463-9957), and David Soileau (512-463-6081). Please contact any of the staff for information on federal transportation and legislative issues.

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